

FISCAL NOTE

SB 2556 - HB 3599

February 6, 2008

SUMMARY OF BILL: Effective November 5, 2008, authorizes per diem reimbursement for members of the General Assembly equal to 125 percent of the allowance granted federal employees for the Nashville area.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$401,700 FY08-09
\$514,000 FY09-10**

Assumptions:

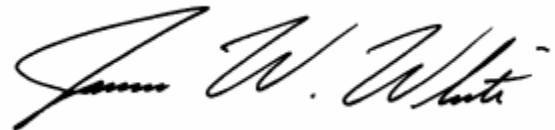
- In 2008, 132 members will be paid per diem at a rate of \$161 per day, the federal rate applicable to the Nashville area.
- The federal per diem will increase on October 1, 2008. The increase from October 1, 2006, to October 1, 2007, was 5%. It is assumed that the federal rate will increase approximately 5% on October 1, 2008, to \$169 ($\$161 \times 1.05 = \169.05).
- A 25% increase will raise the per diem for members of the General Assembly to \$211.25 ($\$169 \times 1.25 = \211.25), an increase of \$42.25 per day. The higher rate will take effect November 5, 2008. It will be in effect for eight months in FY08-09, including the 2009 regular session of the General Assembly.
- The number of days for which members are paid per diem in 2009 will be equivalent to the number of days paid in 2007. In 2007, 132 members were paid per diem for an average of 108 days (50 legislative days per member plus committee meeting days and other official business days) at a rate of \$153 per day.
- The amount paid to members for per diem in FY08-09, including the 2009 regular legislative session, will increase \$401,700. In 2007, 132 legislators were paid for an average of 108 legislative days at \$153 per day ($132 \times 108 \times \$153 = \$2,181,168$). In 2009, assuming the same number of days under the projected per diem as under current law, the cost will be \$2,409,264 ($132 \times 108 \times \$169 = \$2,409,264$). Increasing the 2009 rate by 25% will increase the cost of per diem to \$3,011,580 ($132 \times 108 \times \$211.25 = \$3,011,580$). The additional cost from the 25% increase for 12 months would be \$602,316 ($\$3,011,580 - \$2,409,264 =$

\$602,316). This increase, which is effective November 5, 2008, will be effective for eight months in FY08-09. The cost for eight months in FY08-09 is \$401,745 ($\$602,316 \times .667 = \$401,745$).

- The amount paid to members for per diem in FY09-10, including the 2010 regular legislative session, will increase approximately \$600,000. The per diem will be in effect for a full 12 months as calculated above although the number of legislative meeting days will decrease from an estimated 108 per member in 2009 to 88 in 2010. The federal per diem rate is estimated to increase an additional 5% on October 1, 2009 to \$177. The cost under current law would be \$2,056,032 ($132 \times 88 \times \$177 = \$2,056,032$). Increasing that rate by 25% will increase the cost of per diem to \$221.25. The total per diem cost will be \$2,570,040 ($132 \times 88 \times \$221.25 = \$2,570,040$). The additional cost from the 25% increase for 12 months would be \$514,008 ($\$2,570,040 - \$2,056,032 = \$514,008$).
- Additional increases in future years cannot be predicted with sufficient certainty to make a cost estimate.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with a large initial "J" and a stylized "W".

James W. White, Executive Director

/lsc